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## PERSECUTION OF BANKERS IN SHANGHAI

When the Communists first entered Shanghai, they pointedly affirmed their protection of private capital to allay the fears of the business and financial world. However, shortly thereafter, their actions began to produce the opposite effect. The first steps included the requisition of fixed amounts of capital, limitations on the use of banking resources, and administrative control over transactions.

In August 1950, at the All-China Bankers' Conference, the Communists set up a "definite financial goal" to be attained in 1951. The effect was to strangle the normal economic life of the banking business. Expansion was stifled by forced loans, aid to those at the front, public bonds, etc. The first defense against these measures was to narrow down business activities or to form partnerships with other banks. The next step was to take in government shares and to become a joint enterprise with the government, the next-to-last stage before becoming a state bank.

Banks or banking partnerships are often forced to hold joint shares with the People's Bank of China. The only recourse for banks is to suffer increased reliance on government control.

## DAIREN UNDER SOVIET OCCUPATION

After describing the evidences of Soviet domination in Dairen, the author states that all the principal industrial and commercial enterprises in the city are under Soviet control. Most of the large factories are directly controlled by the Soviets, and the smaller concerns are either supplying the large factories or are restricted to Soviet contracts. The largest Soviet enterprise is the Churin Company which has vast influence and range of operations. Most radios, telegraph instruments, and cameras are of Soviet origin. The quality of these items actually falls below that of items produced by the Japanese.

Next in importance is the Dairen branch of the Chinese state-operated Kuan-tung Company which is affiliated with other Kuan-tung companies throughout the Northeast. This combine has a monopoly over all department store trade.

The average merchant and commercial agent is restricted to the business of photography, running barber shops, Chinese and Western style medicine shops, and small restaurants. The meager incomes from these enterprises is barely enough to sustain a family. (3)

## BUSINESS DEALS OF CORRUPT CADRES

This information was taken from a letter, dated 15 December 1951, written in Tientsin and sent to Hong Kong. It deals with the practices of corrupt cadres in doing business with private firms.

A friend of the writer, Ch'iao Ming-hsun, President of the Tientsin Rubber Workers Union, is trying to fulfill a contract for delivery of military rain-coats which was signed by the Tientsin rubber industry and the Chinese Communist government. Failure to fulfill the contract is a result of the demands for "side-money" made by the Communist cadres who negotiated the contract. Under the influence of Ch'iao, a number of the rubber firms signed the contracts, but money called for was not delivered as promised. Furthermore, when the cadres demanded

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a cut, there was not enough money left to process the raincoats as called for in the specifications. Inspecting cadres declared the goods substandard and the manufacturers were arrested and sentenced as "illegal private merchants deficient in patriotic spirit." The cadres were merely reprimanded for unsound knowledge of manufacturing processes, poor methods, and naive views. Plant properties were confiscated and turned over to Communist ownership.

DATE OF SOURCES

1. 1 Nov 1951
2. 8 Nov 1951
3. 15 Nov 1951
4. 10 Jan 1952

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